Government of Saskatchewan

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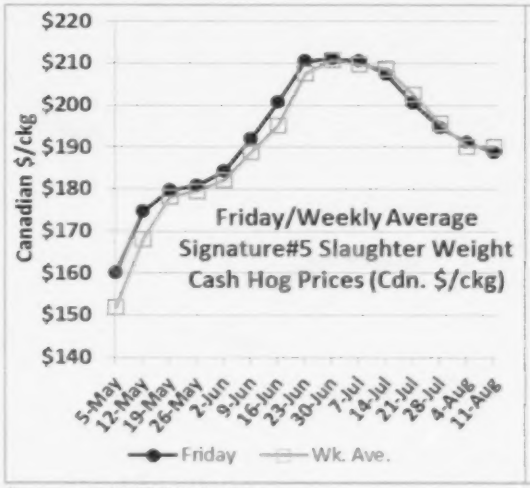
Weekly Hog Report

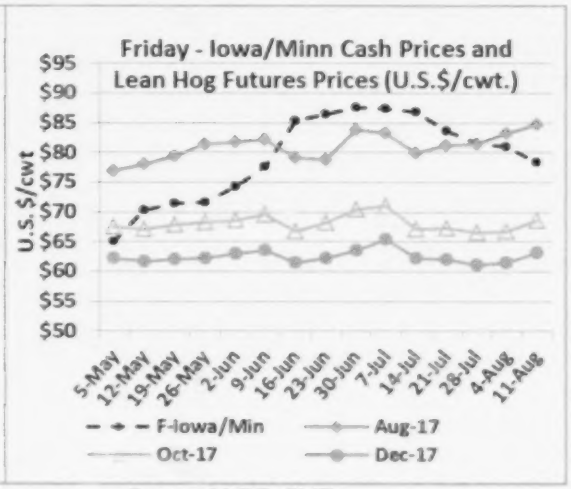
August 14, 2017

Cash Slaughter Weight Hog Prices

United States daily average slaughter weight cash hog prices (Iowa/Minn) edged lower last week. Hog prices on Friday August 11 averaged US$78.28 per cwt, down US$2.78 per cwt or 3.4 per cent from US$81.06 per cwt the previous Friday. The negotiated weekly base price last week averaged US$80.13 per cwt, down US$0.51 per cwt or 0.6 per cent from US$80.64 per cwt the previous week. Slaughter weight hogs prices have started to trend lower as per normal seasonal fall trends.



Source: HAMS Marketing



Source: LMIC, CME

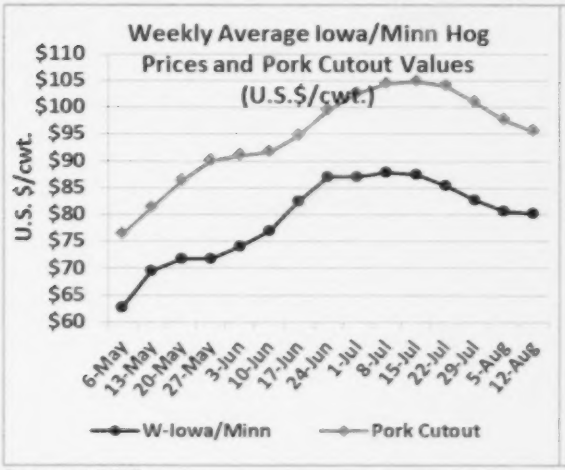
In Canada, the Signature#5 (Maple Leaf) Index 100 daily price for Friday August 11, 2017 was $188.77 per ckg, down $2.28 per ckg or 1.2 per cent from $191.05 per ckg the previous Friday. Signature#5 weekly prices (Friday to Thursday) averaged $189.98 per ckg, down slightly from the previous weeks' average price of $190.00 per ckg. The Canadian dollar continued lower last week. The Canadian dollar versus the U.S. dollar settled last Friday at 78.83 cents, down 0.30 cents from 79.13 cents the previous Friday.

Futures Markets

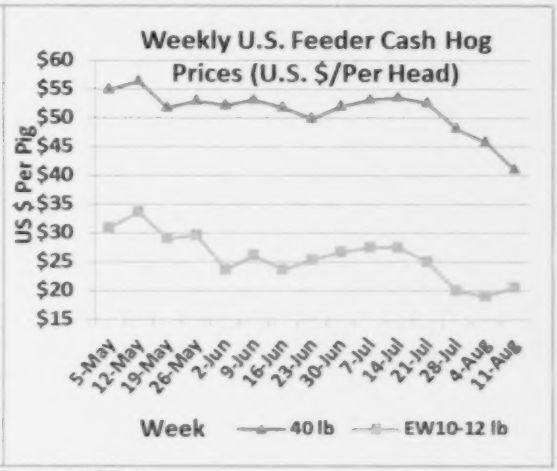
United States lean hog futures daily prices were mixed but primarily higher last week to end the week overall higher, week-over-week. The August-to-December lean hog futures contracts increased between US$1.425 per cwt and US$1.850 per cwt last week. The October lean hog futures contract had the largest improvement increasing US$1.850 per cwt to settle last Friday at US$68.625 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were mixed last week. Weighted average cash prices for iso-weans (12lb) last week were US$20.57 per head, up US$1.53 per head or 8.0 per cent from US$19.04 per head the previous week. Feeders (40lb) averaged US$40.92 per head, down US$4.79 per head or 10.5 per cent from US$45.71 per head, the previous week.



Source: LMIC



Source: USDA

Iowa cash corn prices settled last Friday at US$3.13 per bushel, down 4 cents from US$3.17 per bushel the previous Friday. Daily corn futures were mixed with big losses on Thursday to push prices lower, weak-over-week. The September corn contract declined almost six cents per bushel to settle last Friday at US$3.60 ¾ per bushel, while the December contract declined just over six cents to settle last Friday at 3.74 ¾ per bushel. On August 10th the USDA World Agricultural Supply and Demand Estimates were released. World wheat production and ending wheat stocks were revised higher than expected; while U.S. corn production was reduced less than expected.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending August 12 were estimated at 2.272 million head, up 1.0 per cent from 2.250 million head the previous week, and up 1.2 per cent from 2.246 million head the same week a year ago. Weekly U.S. hog slaughter numbers over the last four weeks have averaged about 2.240 million head, up 2.1 per cent from 2.195 million head over the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending August 5, 2017 were estimated at 390,548 head, down 5.9 per cent from 414,976 head the previous week, but up 6.0 per cent from 368,564 head the same week a year ago. Canadian hog slaughter numbers over the last four weeks averaged 406,505 head, up 3.5 per cent from 392,699 head over the same period a year ago. Year-to-date, Canadian hog slaughter numbers totaled 12,785,206 head, up 2.2 per cent from the same period a year ago. (Source: AAFC/CFIA)

Meat Production
U.S. pork production for the week ending August 12, 2017 was estimated at 469.9 million lb., up 0.8 per cent from 466.2 million lb. the previous week, and up 1.2 per cent from 464.5 million lb. the same week a year ago. Pork production over the last four week's ending August 12 was estimated to average 463.2 million lb., up 1.7 per cent from 455.5 million lb. over the same four week period a year ago.

U.S. beef production for the week ending August 12 was estimated at 518.0 million lb., up 1.2 per cent from 511.9 million lb. the previous week, and up 8.5 per cent from 477.6 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending August 5, 2017, was estimated to average 2.099 billion lb., up 2.3 per cent from 2.052 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2017 is estimated to be up 2.1 per cent compared to the same period in 2016.

United States Weekly Meat Production

(August 5) Four Week Average - Million Lb.			Percent Change	
	2016	2017	4 Week	YTD 2017
Pork	450.2	459.6	2.1%	2.8%
Beef	483.4	504.4	4.3%	4.4%
Chicken	988.3	1,003.2	1.5%	0.9%
Turkey	129.7	131.8	1.6%	0.4%
Total	**2,051.6**	**2,099.0**	**2.31%**	**2.12%**

Source: LMIC

Cutout Values
U.S. national pork cutout values for the week ending August 12, 2017 averaged US$95.53 per cwt, down US$2.04 per cwt or 2.1 per cent from US$97.57 per cwt the previous week, but up 25.6 per cent from US$76.05 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending August 12, 2017 averaged US$201.37 per cwt over the week, down US$3.63 per cwt or 1.8 per cent from US$205.00 per cwt the previous week, but up 0.4 per cent from US$200.54 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending August 12, 2017 averaged US$147.40 per cwt, down US$0.78 per cwt or 0.5 per cent from US$148.18 per cwt the previous week, but up 6.4 per cent from US$138.47 per cwt the same week a year ago.

USDA World Agricultural Supply and Demand Estimates (WASDE)
The USDA released the August World Agricultural Supply and Demand Estimates (WASDE) on August 10th. The August USDA WASDE report revised the 2017 United States Red Meat and Poultry production estimates slightly higher to 100.743 billion lb., a 0.1 per cent increase from the July estimates, and a 3.2 per cent increase from 97.612 billion lb. produced in 2016. The August pork production estimates for 2017 were

estimated at 25.806 billion lb., down 0.1 per cent from the July estimates, but overall 3.5 per cent higher than 2016 U.S. pork production.

USDA August World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat
	Quarter	Beef	Pork	Broiler	Turkey	& Poultry
2014	**Annual**	**24,252**	**22,843**	**38,550**	**5,756**	**92,171**
2015	**Annual**	**23,698**	**24,501**	**40,048**	**5,627**	**94,630**
2016	**Annual**	**25,221**	**24,941**	**40,695**	**5,981**	**97,612**
% Chg.	**2015-2016**	**6.43%**	**1.80%**	**1.62%**	**6.29%**	**3.15%**
2017	July Proj.	26,495	25,834	41,483	6,062	100,640
2017	**Aug. Proj.**	**26,669**	**25,806**	**41,488**	**5,983**	**100,743**
% Chg.	July to Aug.	0.66%	-0.11%	0.01%	-1.30%	0.10%
% Chg.	**2016 to 2017**	**5.74%**	**3.47%**	**1.95%**	**0.03%**	**3.21%**

Source: USDA August WASDE Report, August 10, 2017

The United States meat production increases for 2017 (by percentage increase) are projected to come from beef (+5.7%), pork (+3.5%), and broilers (+2.0%). Production estimates for beef increased by almost 0.7 per cent from the July estimates. Higher cattle on feed numbers were a factor raising the beef production estimates. (Source: USDA WASDE)

United States crop projections for (2017/2018) for August have projected corn acreage at 90.9 million acres, down from 94 million acres the previous year, but unchanged from the July estimates. Corn yields were estimated at 169.5 bushels per acre, down from 170.7 bushel per acre in the July estimates. USDA corn production was estimated at 14.153 billion bushels, down just over 100 million bushels from July, and down almost one billion bushels or seven per cent from the previous year. Lower production is estimated to help ending corn stocks decline to 2.273 billion bushels. The USDA projected corn yield of 169.5 bushels per acre was 3.3 bushels (2.0 per cent) higher than the trade estimates. Likewise, total U.S. corn production was projected at 14.153 billion bushels, up just over two per cent from the trade estimates.

U.S. Soybean production is projected at 89.5 million acres, up from 83.4 million acres the previous year, but unchanged from July. U.S. soybean production is estimated at 4.381 billion bushels, up 2.8 per cent from the July estimates and up 1.7 per cent from production a year ago. USDA raised the estimated soybean yield in August to 49.4 bushels/acre, up 1.4 bushel/acre from 48.0 bushels/acre in July. USDA soybean yield projections were 1.9 bushels/acre or four per cent higher than the trade estimates; while total production was 169 million bushels or four per cent higher than the trade estimates. Ending soybean stocks are projected to increase 3.3 per cent from the July estimates and increase 28.4 per cent from the ending stocks a year ago.

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